

### Landi Renzo: Board of Directors approves the results at March 31, 2018

#### Focus on the Automotive business, which yielded a very positive performance in Q1 2018

- Consolidated revenues amounted to €42.0 million, compared to €46.8 million at March 31, 2017. On a like-for-like consolidation basis (Automotive business), revenues rose by 2.9% compared to the same period of 2017
- Adjusted EBITDA at €5.4 million, up 144.1% (€2.1 million at March 31, 2017), accounting for 12.8% of revenues
- Adjusted EBIT at €2.7 million (negative for €1.8 million at March 31, 2017) and EBIT at €1.9 million (€-2.3 million at March 31, 2017)
- EBT negative for €132 thousand, due to the impact of the negative SAFE-CEC equity investment, compared to EBT negative at €3.2 million for 2017. EBT of the Automotive business positive for €825 thousand in Q1 2018
- Net loss of €1.2 million, improving compared to a net loss of €3.0 million at March 31, 2017
- Net Financial Debt of €53.8 million (debt of €49.0 million at December 31, 2017 and debt of €69.9 million at March 31, 2017)
- Union agreement signed in January and industrial turnaround almost completed. Technical and commercial activity on the Heavy Duty segment launched. SAFE-CEC merger plan started

*Cavriago (RE), May 14, 2018*

The Board of Directors of Landi Renzo, chaired by Stefano Landi, today examined and approved the Interim Report at March 31, 2018. The Group's performance reflects the first positive effects of the industrial restructuring already launched and set to be completed by May 2018, and the shift in the Group's focus towards the Automotive business, following the sale of its Sound business and the deconsolidation of its Gas Distribution and Compressed Natural Gas business. All main operating and financial indicators improved considerably, and all activities instrumental to business expansion have been launched, both in the OEM channel (with focus on natural gas and Heavy Duty segments) and in the AM channel.

*"We are off to a strong start in the first few months of the year, beginning with the reinforcement of our core Automotive business. We aim to become a global player, while continuing to nurture our roots in our territory. We are working resolutely to continue to develop our business while focusing unwaveringly on the excellence of our services, within a market scenario that continues to pose many challenges," stated Stefano Landi, Chairman of Landi Renzo S.p.A.*

Cristiano Musi, CEO of Landi Renzo S.p.A., commented: *"We are very satisfied with the work that has been done in recent months, with the implementation of the performance improvement policies envisaged in the 2018-2022 strategic plan. The results achieved in the first quarter of the year reflect the Group's renewed focus on its core business and the first effects of the reorganization activity launched in 2017, as confirmed by the decrease in fixed costs from 25% to approximately 19%; fixed costs are expected to further decline to about 18.5% in the second quarter. Following the union agreement signed in January and the start of the production footprint reorganization to be completed by the end of*

*May, we decided to focus closely on the strengthening of our core business, namely Automotive. We aim at becoming a global leading player, both on the passenger car and Heavy Duty segments, where we are enjoying a great market demand, thanks to our brand awareness and long-standing relationships with major global OEMs. We are also committed towards unflinching improvement of the solutions provided to the market, for both the OEM and After Market channels. The new European regulations on pollutant emissions will encourage the use of alternative fuel types in national vehicle fleets, offering us an opportunity that we will certainly be well positioned to exploit, including in the Heavy Duty segment. The SAFE-CEC merger plan is proceeding as planned: after a first quarter focused on the reorganization, we can count now on an order backlog that covers over 60% of our budget, with many transactions that are in their final stage. We are convinced that we will be able to reach all expected synergies. We also believe that the transaction finalized by Clean Energy Fuels (which holds a 49% interest in SAFE-CEC) and Total for the latter's acquisition of a 25% interest in Clean Energy Fuels, and the launch of a natural gas development plan for the US mobility will positively impact the SAFE-CEC business, both in the United States and Europe."*

### Consolidated Financial Highlights at March 31, 2018

The Group's total revenues for the first three months of the year amounted to €42,037 thousand, down compared to the same period of the previous year (-10.1%; €4,737 thousand). The decrease was attributable to the change in the consolidation area (SAFE, following the transfer of the Gas Distribution and Compressed Natural Gas business to the joint venture SAFE&CEC S.r.l, and the Sound business, as a result of its sale of Eighteen Sound to B&C Speaker, were both excluded from consolidated revenues). On a like-for-like consolidation basis, revenues of the Automotive business for Q1 2018 rose from €40,838 thousand in 2017 to €42,037 thousand in 2018, up by 2.9% (€1,199 thousand). The improvement was mainly attributable to the increase in sales within the After Market channel by about 5.7%.

Revenues of the OEM segment, which accounted for 40.8% of the Group's total revenues at March 31, 2018, were virtually unchanged compared to the same period of the previous year.

In the first three months of 2018, 81.2% of consolidated revenues were generated abroad, confirming the Group's strong international focus, as well as the positive impact of the new strategic project launched to reorganize the sales area, with the aim to accelerate the global go-to-market strategy and establish a dedicated team for the Heavy Duty market.

In detail:

- **Italy** accounted for 18.8% of total revenues (19.8% in Q1 2017), essentially unchanged compared to the same period of the previous year.
- The rest of **Europe** accounted for 45.4% of total sales (53.7% in the first quarter of 2017), decreasing mainly as a result of the decline in sales in Turkey, only partially offset by a recovery of the Russian and Ukrainian markets.
- **America** recorded sales of €5,636 thousand for the first three months of the year, up by 9.9%, essentially attributable to the positive sales performance in the LATAM area, where a sharp uptrend is expected to continue in the forthcoming months, as a result of both oil price trends and the acquisition of new major customers.
- The markets in **Asia and the Rest of the World** grew sharply (+65.6% compared to Q1 2017), primarily owing to higher After Market sales.

In Q1 2018, **Adjusted EBITDA** was positive at €5,360 thousand (12.8% of revenues), increasing by €3,164 thousand compared to March 2017 (€2,196 thousand), thanks to the combined effect of improved gross margin (owing to higher sales and lower direct costs) and the first benefits generated by the EBITDA improvement project launched in 2017 in terms of decreasing fixed and variable costs, as defined in the industrial plan.

**EBITDA** was positive at €4,533 thousand, including €827 thousand extraordinary costs associated with the completion of the Q1 2018 restructuring project. A significant reduction in extraordinary costs is expected

as of June.

**Adjusted EBIT** for Q1 2018 was positive for €2.7 million, compared to a negative balance of €1.8 million for the same period of 2017 (+ 250%). **EBIT** for the reporting period stood at €1,879 thousand (negative for €2,260 thousand at March 31, 2017), net of amortization, depreciation and impairment losses amounting to €2,654 thousand (€4,007 thousand at March 31, 2017) and the above-mentioned extraordinary costs.

**Earnings before taxes (EBT)** was negative for €132 thousand, compared to a negative €3,211 thousand for Q1 2017. It bears recalling that EBT was impacted by the €957 thousand loss of the SAFE-CEC equity investment accounted for using the equity method; net of this loss, the Automotive business' EBT was positive for about €825 thousand. **Net loss** for the period at March 31, 2018 was €1,175 thousand, also due to tax reversal amounting to approximately €600 thousand, compared to a €2,961 thousand net loss of the Group and minority interests for Q1 2017.

**Net Financial Debt** totaled €53,774 thousand, compared to a net financial debt of €48,968 thousand at December 31, 2017 (debt of €69,877 thousand at March 31, 2017). The change in the Net Financial Debt was mainly due to the increase in Working Capital and, above all, to the outlay for termination incentives paid in the reporting quarter (approximately €3 million). Net of redundancy and extraordinary costs, financial performance was in line with year-end 2017. It should be noted that Working Capital was impacted by the performance of inventories, following the transfer of production lines from Lovato, as well as the increase in stocks in view of a significant increase in revenues in the second quarter of the year.

## Performance of the Gas Distribution and Compressed Natural Gas operating business

The Gas Distribution and Compressed Natural Gas business (which in 2017 was essentially represented by the subsidiary SAFE S.p.A.) was subject to a strategic business combination agreement with Clean Energy Fuels Corp aimed at creating the number-two player in the sector worldwide by turnover.

The business combination was implemented through the formation of a Newco, SAFE & CEC S.r.l., to which 100% of SAFE S.p.A. was then contributed by the Landi Group and 100% of Clean Energy Compressor Ltd by Clean Energy Fuels Corp. Due to the contractually established governance system – which reflects a joint control arrangement between the two shareholders – the Group's equity interest has been classified as a joint venture for the purposes of international accounting standards (IFRS 11) and therefore has been consolidated using the equity method.

In the first three months of 2018, the Gas Distribution and Compressed Natural Gas business reported consolidated net sales of €9,836 thousand, EBITDA negative at €1,447 thousand and a loss after taxes of €1,877 thousand. The loss for the quarter was primarily attributable to the seasonal nature of this business and the inefficiencies arising from the start-up phase initially experienced by the new company, due to the need to harmonise and reorganize the subsidiaries SAFE S.p.A. and IMW. The new management system has been fully in place since the end of February. Worth of mention is the order backlog, which covered about 60% of budget as soon as at the end of April, as well as a greater number of transactions, which should allow the Group to achieve at least the revenue targets. In addition, some negotiations will be pursued in view of new synergies, which the management expects will lead to the fulfilment of the all plan's objectives and, net of extraordinary costs for the reorganization process, to the creation of value by the core business as soon as the third quarter of the year.

## Significant events after the close of the first quarter of 2018

The following events occurred after the end of the reporting quarter and up to today's date:

- On April 24, 2018, the Shareholders' Meeting of Landi Renzo S.p.A. resolved, *inter alia*, to:
  - o approve the Financial Statements for the year ended December 31, 2017 and allocate the net profit of Landi Renzo S.p.A., amounting to €1,938,986.13, to the extraordinary reserve, as its legal reserve had already reached one fifth of share capital;
  - o authorize the Board of Directors to purchase treasury shares.

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- The Automotive business is pursuing a strategy aimed at strengthening its positioning on mature markets and expanding at international level, above all in the Heavy Duty segment, where significant transactions are currently underway.

## Business outlook

In light of the Group's performance in the first three months of 2018, the performance of its market of operation and its order backlog, the outlook for the Group's business remains unchanged from the view released upon the approval of the Financial Statements for the year ended December 31, 2017. The business is expected to grow moderately (revenues in the range of €165-170 million), with a slight recovery of margins at the level of adjusted EBITDA (estimated at about €25 million).

*Pursuant to Article 154-bis, paragraph 2, of Italian Legislative Decree No. 58 of February 24, 1998, the Officer in charge of preparing the Company's financial statements, Paolo Cilloni, declares that the accounting information contained in this press release corresponds to the documented results, books and accounting records.*

*This press release is also available on the corporate website [www.landirenzogroup.com.it](http://www.landirenzogroup.com.it).*

Landi Renzo is the global leader in the LPG and Methane gas components and systems for motor vehicles sector. The Company is based in Cavriago (Reggio Emilia) and has over 60 years' experience in the sector, and is renowned for the extent of its international activities in over 50 countries, with export sales of about 80%. Landi Renzo S.p.A. has been listed on the STAR segment of the MTA Market of Borsa Italiana since June 2007.

<b>LANDI RENZO</b> Paolo Cilloni CFO and Investor Relator ir@landi.it	<b>Image Building media contacts</b> Cristina Fossati, Angela Fumis, Anna Pirtali Ph.: +39 02 89011300 e-mail: landirenzo@imagebuilding.it
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# Press release

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(thousands of Euro)

<b>INCOME STATEMENT</b>	<b>31/03/2018</b>	<b>31/03/2017 (*)</b>
Revenues from sales and services	42,037	46,774
- of which transactions with related parties	277	204
Other revenue and income	102	250
Costs of raw materials, consumables and goods and change in inventories	-20,145	-22,550
Costs for services and use of third party assets	-9,575	-12,283
- of which transactions with related parties	-526	-804
Personnel cost	-7,218	-9,736
Provisions, provision for bad debts and other operating expenses	-668	-708
<b>Gross Operating Profit</b>	<b>4,533</b>	<b>1,747</b>
Amortization, depreciation and impairment	-2,654	-4,007
<b>Net Operating Profit</b>	<b>1,879</b>	<b>-2,260</b>
Financial income	26	18
Financial expenses	-919	-1,059
Exchange gains (losses)	-245	12
Gain (loss) on equity investments valued using the equity method	-873	78
<b>Profit (Loss) before tax</b>	<b>-132</b>	<b>-3,211</b>
Current and deferred taxes	-1,043	250
<b>Net profit (loss) for the Group and minority interests, including:</b>	<b>-1,175</b>	<b>-2,961</b>
Minority interests	-52	24
Net profit (loss) for the Group	-1,123	-2,985
Basic earnings (loss) per share (calculated on 112,500,000 shares)	-0.0100	-0.0265
Diluted earnings (loss) per share	-0.0100	-0.0265

(\*) The comparative figure was re-presented in accordance with the classification adopted on 31 March 2018

(thousands of Euro)

ASSETS	31/03/2018	31/12/2017	31/03/2017
<b>Non-current assets</b>			
Land, property, plant, machinery and equipment	13,489	14,583	29,262
Development expenditure	4,904	5,401	8,210
Goodwill	30,094	30,094	30,094
Other intangible assets with finite useful lives	15,356	15,769	19,763
Equity investments valued using the equity method	23,428	24,301	121
Other non-current financial assets	445	428	447
Other non-current assets	4,560	4,560	
Deferred tax assets	7,647	8,016	7,268
<b>Total non-current assets</b>	<b>99,923</b>	<b>103,152</b>	<b>95,165</b>
<b>Current assets</b>			
Trade receivables	28,478	27,443	33,213
<i>Trade receivables - related parties</i>	1,908	1,675	1,738
Inventories	38,822	36,562	49,719
Contract works in progress			714
Other receivables and current assets	8,918	7,529	11,092
Cash and cash equivalents	18,670	17,779	20,997
<b>Total current assets</b>	<b>96,796</b>	<b>90,988</b>	<b>117,473</b>
<b>TOTAL ASSETS</b>	<b>196,719</b>	<b>194,140</b>	<b>212,638</b>

(thousands of Euro)

EQUITY AND LIABILITIES	31/03/2018	31/12/2017	31/03/2017
<b>Equity</b>			
Share capital	11,250	11,250	11,250
Other reserves	45,474	41,983	43,145
Profit (loss) for the period	-1,123	4,139	-2,985
<b>Total Shareholders' Equity attributable to the Group</b>	<b>55,601</b>	<b>57,372</b>	<b>51,410</b>
Minority interests	-674	-669	-287
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>54,927</b>	<b>56,703</b>	<b>51,123</b>
<b>Non-current liabilities</b>			
Non-current bank loans	26,813	26,906	32,836
Other non-current financial liabilities	29,790	29,308	32,426
Provisions for risks and charges	9,045	11,891	9,126
Defined benefit plans for employees	2,027	2,446	2,940
Deferred tax liabilities	457	423	504
<b>Total non-current liabilities</b>	<b>68,132</b>	<b>70,974</b>	<b>77,832</b>
<b>Current liabilities</b>			
Bank financing and short-term loans	13,049	7,741	25,187
Other current financial liabilities	2,792	2,792	425
Trade payables	44,446	43,165	41,809
<i>Trade payables – related parties</i>	4,722	4,664	4,739
Tax liabilities	3,265	3,003	2,494
Other current liabilities	5,386	5,098	9,029
<b>Total current liabilities</b>	<b>73,660</b>	<b>66,463</b>	<b>83,683</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>196,719</b>	<b>194,140</b>	<b>212,638</b>

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(thousands of Euro)		
STATEMENT OF CASH FLOWS	31/03/2018	31/03/2017
<b>Financial flows deriving from operating activities</b>		
Profit (loss) for the period	-1,175	-2,961
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	1,233	2,046
Amortization of intangible assets	1,421	1,902
Loss (Profit) from disposal of tangible and intangible assets	-30	60
Impairment loss on receivables	20	40
Net financial expenses	1,138	1,029
Profit (loss) attributable to investments	873	0
Income tax for the year	1,043	-250
	<b>4,523</b>	<b>1,866</b>
<i>Changes in:</i>		
Inventories and contract work in progress	-2,260	719
Trade receivables and other receivables	-2,678	1,561
Trade payables and other payables	1,266	-5,051
Provisions and employee benefits	-2,953	19
<b>Cash generated from operations</b>	<b>-2,102</b>	<b>-886</b>
Interest paid	-1,159	-670
Interest received	5	6
Income taxes paid	-239	-380
<b>Net cash generated (absorbed) by operations</b>	<b>-3,495</b>	<b>-1,930</b>
<b>Financial flows from investments</b>		
Proceeds from the sale of property, plant and equipment	8	77
Change in consolidation area and sale of consolidated entities	0	78
Purchase of property, plant and equipment	-139	-801
Purchase of intangible assets	-56	-10
Development expenditure	-455	-900
<b>Net cash absorbed by investment activities</b>	<b>-642</b>	<b>-1,556</b>
<b>Financial flows from financing activities</b>		
Future share capital increase contributions	0	8,867
Disbursements (reimbursements) of medium/long-term loans	0	-336
Change in short-term bank debts	5,275	-990
<b>Net cash generated (absorbed) by financing activities</b>	<b>5,275</b>	<b>7,541</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,138</b>	<b>4,055</b>
Cash and cash equivalents as at 1 January	17,779	16,484
Effect of exchange rate fluctuation on cash and cash equivalents	-247	458
<b>Closing cash and cash equivalents</b>	<b>18,670</b>	<b>20,997</b>

This report, as required by IAS 7, par. 18, has been prepared using the indirect method.